



OPASTCO

21 Dupont Circle NW
Suite 700
Washington, DC 20036

March 6, 2003

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

***Ex Parte* Notice**

**RE: Federal-State Joint Board on Universal Service
CC Docket No. 96-45**

**Appropriate Framework for Broadband Access to the Internet over Wireline
Facilities
CC Docket No. 02-33**

Universal Service Obligations of Broadband Providers

**Computer III Further Remand Proceedings: Bell Operating Company
Provision of Enhanced Services; 1998 Biennial Regulatory Review – Review
of Computer III and ONA Safeguards and Requirements
CC Docket Nos. 95-20, 98-10**

Dear Ms. Dortch,

On Thursday, March 6, 2003, John Rose and Stuart Polikoff of the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) met with William Maher, Eric Einhorn, William Scher, Narda Jones, and Diane Griffin from the Wireline Competition Bureau. In that meeting we discussed the importance of sufficient universal service funding for rural telephone companies and their customers. High-cost funding allows rural telephone companies to recover their investments in

network infrastructure and provide affordable, high-quality service to their customers. In that regard, we discussed issues surrounding the designation of additional eligible telecommunications carriers (ETCs) in rural service areas that are raised in OPASTCO's white paper Universal Service in Rural America: A Congressional Mandate at Risk. In particular, we stressed the need for the FCC to adopt standardized public interest principles and eligibility criteria to guide state commissions and the FCC in their consideration of ETC applications in rural service areas. OPASTCO's white paper and a related PowerPoint presentation were distributed and are attached.

OPASTCO also advocated the inclusion of equal access to interexchange service into the list of services supported by the high-cost universal service fund. Adding equal access to the universal service definition would promote long distance competition in high-cost rural areas and advance customer choice. It would also promote competitive neutrality among all ETCs, since at present, only local exchange carriers are required to provide it. As the universal service support going to wireless ETCs has grown significantly in recent years, it is important that equal obligations apply to all carriers that wish to receive limited universal service funding. Moreover, adding equal access to the universal service definition does not conflict with the prohibition on an equal access requirement for mobile service providers in section 332(c)(8) of the 1996 Act. ETC status is sought voluntarily, and a general exemption from a regulatory requirement cannot be equated with conditions that attach only to carriers that choose of their own volition to seek ETC designation.

We also discussed the proposed reclassification of wireline broadband Internet access service. While OPASTCO has not taken a position on whether or not wireline broadband Internet access service should be reclassified as an information service, we suggested that the Commission seriously consider and account for the impacts that reclassification may have on rural incumbent local exchange carriers (ILECs) and their customers. For many rural ILECs, the deployment of wireline broadband Internet access service would not be viable without pooling. The risk sharing and cost recovery attributes of pools are vital to many rural ILECs' ability to provide affordable wireline broadband Internet access. If digital subscriber line (DSL)-based services were excluded from the pooling process, many rural consumers of advanced wireline services would experience excessive rate increases, while rural ILECs would be unable to recover the considerable costs of deployment. This would hinder the deployment of wireline broadband Internet access in many rural areas, contrary to the Commission's goals.

Finally, we discussed the need for all facilities-based broadband Internet access providers to be required to contribute to the universal service fund. Consumers are using broadband platforms and Internet protocol networks in numerous ways that substitute for interstate calls on the public switched network. As this migration to broadband continues, the universal service contribution base is shrinking and the long-term viability of the fund is being threatened. Also, presently, only wireline telecommunications carriers are required to contribute on the revenues they earn from digital subscriber line (DSL) services. As broadband usage grows, it becomes increasingly inequitable that only DSL is assessed but cable modem and other broadband platforms are not. By requiring all facilities-based

broadband Internet access providers to contribute, it both sustains the fund for the long-term and promotes competitive neutrality among all broadband providers.

In accordance with FCC rules, this letter is being filed electronically in the above-captioned dockets.

Sincerely,

Stuart Polikoff
Director of Government Relations
OPASTCO

Attachments